Montgomery County Council

From the Office of Councilmember Phil Andrews April 9, 2013

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NEWS RELEASE

Councilmember Andrews Will Introduce Resolution to Reduce Energy Tax to Improve Montgomery's Competitiveness

Plan Would Be Paid for by Reducing 'Excessive' Raises Agreed to by County Executive Leggett of 13.5 to 19.5 Percent Over 2 years for Most County Employees

ROCKVILLE, Md., April 9, 2013—Montgomery County Councilmember Phil Andrews (D-Gaithersburg-Rockville) will today introduce a resolution before the County Council to reduce the 2010 increase in the County's energy tax by 10 percent.

In 2010, the County raised the energy tax by 155 percent on homeowners and by nearly 60 percent on businesses and non-profit organizations. Reducing the 2010 energy tax increase by 10 percent would reduce energy tax revenues by $11.4 million in Fiscal Year 2014.

Councilmember Andrews proposes paying for the energy tax reduction by reducing the pay increases over the next two years for County employees agreed to by County Executive Leggett.

"Mr. Leggett has agreed to pay raises of 13.5 percent for most non-public safety employees, 14.7 percent for most police officers and 19.5 for most career firefighters—those eligible for step increases—over the next two years," said Councilmember Andrews. "These are excessive and unsustainable."

The Council makes the final decisions on both the energy tax and the pay increases as it works to approve a balanced budget.

“County employees deserve a reasonable pay raise after several difficult years,” said Councilmember Andrews. “However, the pay raises agreed to by Mr. Leggett are excessive and should be reduced by 35 percent so they are reasonable and sustainable. Mr. Leggett is proposing to fund excessive pay raises by keeping a huge increase in the energy tax that he proposed as a temporary measure during the Great Recession.’

In 2010, in a memorandum to the County Council, County Executive Leggett wrote: “Recognizing the significant impact that this increase will have on County residents and businesses, I am recommending that the FY11 total increase in the Fuel Energy Tax sunset at the end of FY12.”

In 2010, the County Council voted to raise the energy tax and to end the increase after two years. Councilmember Andrews opposed the increase. For Fiscal Year 2013, rather than end the increase in energy taxes, Mr. Leggett proposed keeping the entire 2010 increase intact. The County Council unanimously voted to reduce the 2010 increase by 10 percent for the current year. For Fiscal Year 2014, which begins July 1, County Executive Leggett has not proposed any change to the current energy tax.

The cost of the pay raises agreed to by Mr. Leggett is $31 million in FY14 and $73 million in FY15.

“The size of these pay raises are very similar to the pay raises approved just prior to the Great Recession in 2008, which proved not only to be unsustainable, but also unaffordable,” said Councilmember Andrews. “The County must avoid repeating the mistakes of the past.”

Councilmember Andrews voted against those 2008 increases in pay and benefits.

“Pay raises of the level agreed to by Mr. Leggett are unnecessary, unsustainable and will crowd out both needed services and needed reductions in the energy tax, which comprises 10 percent of most homeowners’ bill for energy and, in many cases, cost businesses many thousands of dollars, hurting their competitiveness,” said Councilmember Andrews.

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